

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 583 (Senator Henson)
Education, Energy, and the Environment

Legislative Scholarship Programs - Eligibility and Use - Real Estate Appraisal Program

This bill expands eligibility for both senatorial and delegate scholarships to include applicants planning to complete the Real Property Appraiser Qualification Criteria of the Practical Applications of Real Estate Appraisal (PAREA) program (adopted by the Appraisal Foundation Appraiser Qualifications Board authorized under the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989). The bill likewise expands authorized uses of both senatorial and delegate scholarships to include expenses to register for and complete a PAREA program. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: Expanding eligibility and authorized uses of senatorial and delegate scholarships does not alter overall spending. However, the Maryland Higher Education Commission (MHEC) general fund expenditures increase by \$10,000 in FY 2026 for needed enhancements to the Maryland College Aid Processing System (MDCAPS). Revenues are not affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law:

Senatorial Scholarships

Until June 30, 2019, each senator could award \$138,000 in scholarship funds each year. Beginning on July 1, 2019, that amount grows by the increase in tuition and mandatory

fees over the previous year at the University System of Maryland (USM) institution with the highest annual expenses for a full-time resident undergraduate student other than the University of Maryland Global Campus (UMGC) and the University of Maryland, Baltimore Campus (UMB).

To qualify for an award, an individual must be eligible for in-state tuition, be domiciled in the legislative district from which the applicant seeks an award, and demonstrate a definite financial need. Each senator must consider an applicant's financial need. Applicants must be accepted for admission in the regular undergraduate, graduate, or professional program at an eligible institution or be enrolled in a two-year terminal certificate program in which the course work is acceptable for transfer credit for an accredited baccalaureate program in an eligible institution. In certain situations, an individual may need to take a competitive examination administered by the Office of Student Financial Assistance to qualify for an award. An award under the program may not be less than \$400 and may not exceed the tuition and mandatory fees at the USM institution with the highest annual tuition and fees, not including UMGC and UMB.

Except under certain circumstances, a scholarship may be held for up to four years of full-time study or eight years of part-time study. Full-time scholarship recipients may hold the scholarship for up to four years of full-time study provided the student continues to be eligible for in-state tuition and takes at least 12 semester hours of courses as an undergraduate or 9 semester hours of courses as a graduate student each semester leading to a degree. Part-time scholarship recipients may hold the scholarship, appropriately prorated, for up to eight years of part-time study if the recipient continues to be eligible for in-state tuition and takes at least 6 semester hours of courses each semester leading to a degree. On request, MHEC may waive the minimum semester hour requirement for applicants with a documented disability.

Senatorial Scholarships – Eligible Institutions

A senatorial scholarship may be used at any undergraduate, graduate, or professional school in the State or at select in-state private career schools that offer two-year certificate programs that can transfer to a baccalaureate degree, including (1) at a degree-granting institution of higher education, if the curriculum is approved by MHEC; (2) at a hospital diploma school for training registered nurses; or (3) to attend as a full-time student a private postsecondary proprietary institution that is accredited by a national accrediting association approved by the U.S. Department of Education.

Each senator may award at most 10% of scholarship funds to applicants planning to attend accredited undergraduate, graduate, or professional institutions outside of the State. Those students must be studying an academic area that is not offered in a program that is accredited by a national accrediting association approved by the U.S. Department of

Education in any institution in the State or be a person with a hearing impairment who will be studying at an institution outside the State that makes special provisions for persons with a hearing impairment. A senatorial scholarship may also be used at an out-of-state institution of higher education if the applicant is an individual who is on active duty with the U.S. military and domiciled in the State.

Delegate Scholarships

During a term in office, each delegate may award the equivalent of four four-year, full-time scholarships or two part-time scholarships for each full-time scholarship available. A part-time scholarship may not be for more than twice as many years as a full-time scholarship. Each recipient of a part-time scholarship must carry at least six semester hours of courses each semester in a program leading to a degree. On request, MHEC may waive the minimum semester hour requirement for applicants with a documented disability.

A delegate may select scholarship recipients on any basis he or she considers appropriate. The annual amount of a scholarship for any one recipient may not exceed the tuition and mandatory fees at the USM institution with the highest annual tuition and fees, not including UMGC and UMB. A scholarship award may be used to pay tuition and mandatory fees at a Maryland institution of postsecondary education or, when the desired program of study or appropriate accommodations are not available in Maryland, an out-of-state institution. Instead of awarding the scholarships himself or herself, a delegate may authorize MHEC to award funding to eligible applicants under the Delegate Howard P. Rawlings Educational Excellence Awards program.

Delegate Scholarships – Eligible Institutions

A delegate scholarship may be used at a public or private nonprofit institution of higher education in the State that possesses a certificate of approval from MHEC or, an accredited undergraduate, graduate, or professional institution outside the State under certain circumstances. To use a scholarship at an institution outside the State, an individual must either (1) be studying an academic area that is not offered in a program that is accredited by a national accrediting association approved by the U.S. Department of Education in any institution in the State; (2) be disabled and studying at an institution outside the State that makes special provisions for disabled students that are not available to the applicant at an institution in the State; or (3) be on active duty with the U.S. military and domiciled in the State. The scholarship may also be used at a private career school within the State that is approved by MHEC and that is accredited by a national accrediting association that is approved by the U.S. Department of Education. A recipient of a delegate scholarship who is currently enrolled, or was enrolled within the last two years, in a certificate or license program, course, or sequence of courses at a community college that leads to certification

or licensure may use the scholarship to reimburse specified educational expenses, including tuition, mandatory fees, and room and board.

Practical Applications of Real Estate Appraisal

In general, real estate appraisers provide estimates of the value of commercial and residential real property to their clients. Real estate appraisals are most often associated with the purchase of a home and are often shared with the buyer, seller, and broker involved in a real estate transaction. Generally, however, an appraiser's client is a mortgage lender seeking an accurate value for the home that serves as collateral in the loan transaction. Appraisal services are also used for a variety of other purposes, including estate planning and property insurance.

Generally, an individual must be licensed or certified by the State Commission of Real Estate Appraisers, Appraisal Management Companies, and Home Inspectors in the Maryland Department of Labor before the individual may provide real estate appraisal services or certified real estate appraisal services, respectively, in the State.

Statute establishes that, in addition to other requirements, an applicant for initial licensure or certification must have completed at least 1,000 or 1,500 hours (respectively) of real estate appraiser services as a trainee under the supervision of a certified appraiser. Regulations specify these requirements must be completed over a period of at least 6 months for licensure and 12 months for certification.

A bachelor's degree is not required to become a licensed real estate appraiser. Additionally, while not a requirement, a certified residential real estate appraiser may meet examination eligibility requirements by holding a bachelor's degree or higher (in addition to meeting required classroom hours). However, regulations require a bachelor's degree or higher for certified general real estate appraisers.

There are two ways to meet the experience hour requirement to become an appraiser, the traditional supervisor/trainee method and PAREA, which was recently approved by the State of Maryland. PAREA is designed to offer practical experience in a virtual environment combining appraisal theory and methodology in real-world simulations.

State Expenditures: For senatorial scholarships, the bill does not alter the total dollar amount a senator may award each year. For delegate scholarships, the bill similarly does not alter the overall number of scholarships a delegate may award during a term in office or the maximum award amounts. Therefore, allowing recipients to attend PAREA programs as specified has no direct effect on senatorial or delegate scholarship spending.

MHEC advises that enhancements to MDCAPS are needed to add additional award eligibility criteria, enhance applications, and implement award processes for the new category of eligibility. MHEC estimates such upgrades to MDCAPS necessitate \$10,000 in one-time contractual costs in fiscal 2026.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 609 (Delegate Taylor, *et al.*) - Appropriations.

Information Source(s): Maryland Higher Education Commission; Department of Housing and Community Development; Maryland Department of Labor; Department of Legislative Services

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